



HEIL/SE-76/2023-24

February 8, 2024

To,
The Manager (Listing),
The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Script Code No. : **543600**

To,
The Manager (Listing),
National Stock Exchange of India Limited
"Exchange Plaza", C-1, Block - G,
Bandra - Kurla Complex, Bandra (E)
Mumbai – 400 051
Symbol : **HARSHA**

Dear Sir/Madam,

Sub : Monitoring Agency Report for the Quarter ended December 31, 2023
Ref : Regulation 32(6) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015

With reference to subject matter and pursuant to Regulation 32 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 41(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, we are enclosing herewith Monitoring Agency Report for the quarter ended December 31, 2023 issued by CARE Ratings Limited, Monitoring Agency, in respect of utilization of proceeds of the IPO of the Company.

You are requested to take the same on your record.

Thanking You

Yours faithfully,
FOR HARSHA ENGINEERS INTERNATIONAL LIMITED (Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)

Kiran Mohanty
Company Secretary and Chief Compliance Officer
MEM NO. : F9907

Harsha Engineers International Limited
(formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)
CIN : L29307GJ2010PLC063233

Corporate & Registered Office: Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand - 382213, Gujarat, India.
Tel.: +91-2717-618200 Fax: +91-2717-618259 E-mail: sec@harshaengineers.com URL: www.harshaengineers.com

No. CARE/ARO/GEN/2023-24/1285

Mr. Vishal Rangwala
CEO
Harsha Engineers International Limited
Sarkhej-Bavla Road
P.O.-Changodar
Gujarat – 382 213

February 08, 2024

Dear Sir,

Monitoring Agency Report for the quarter ended December 31, 2023 - in relation to the IPO of Harsha Engineers International Limited ("the Company")

We write in our capacity of Monitoring Agency for the Initial Public Offering (IPO) for the amount aggregating to Rs.455.00 crore of the Company and refer to our duties cast under 82 of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended December 31, 2023 as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated September 06, 2022.

Request you to kindly take the same on records.

Thanking you,
Yours faithfully,

A handwritten signature in cursive script that reads "Krunal Modi".

Krunal Modi
Associate Director
krunal.modi@careedge.in

Annexure I:**Report of the Monitoring Agency**

Name of the issuer: Harsha Engineers International Limited

For quarter ended: December 31, 2023

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: The utilisation of proceeds is as per the offer document albeit there is a minor time-overrun.

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.



Signature:

Name and designation of the Authorized Signatory: Krunal Modi

Designation of Authorized person/Signing Authority: Associate Director

1) Issuer Details:

Name of the issuer : Harsha Engineers International Limited
Name of the promoter : Mr Rajendra Shah, Mr Harish Rangwala, Mr Vishal Rangwala,
Mr Pilak Shah
Industry/sector to which it belongs : Bearing Cages

2) Issue Details

Issue Period : September 14, 2022 to September 16, 2022
Type of issue : Initial Public Offering
Type of specified securities : Equity shares
IPO Grading, if any : Not applicable
Issue size (in Rs. crore) : Rs.455.00 crore of fresh issue (Note 1)

Note 1:

| Particulars | Remarks |
|--|------------|
| Total shares issued and subscribed as part of Fresh issue | 13,795,695 |
| Total proceeds received from fresh issue (Rs. In Crore) | 455.00 |
| Details of expenses incurred related to fresh issue (Rs. In Crore) | 25.60 |
| Net proceeds available for utilisation (Rs. In Crore) | 429.40 |

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

| Particulars | Reply | Source of information / certifications considered by Monitoring Agency for preparation of report | Comments of the Monitoring Agency | Comments the Board of Directors |
|--|--|--|-----------------------------------|---------------------------------|
| Whether all utilization is as per the disclosures in the Offer Document? | Yes | Chartered Accountant certificate*, Bank statement | None | No comments |
| Whether shareholder approval has been obtained in case of material deviations # from expenditures disclosed in the Offer Document? | Not applicable; there is no material deviation | Not applicable | Not applicable | No comments |
| Whether the means of finance for the disclosed objects of the issue have changed? | No | Not applicable | Not applicable | No comments |
| Is there any major deviation observed over the earlier monitoring agency reports? | No | Monitoring agency report dated November 07, 2023 | None | No comments |

| Particulars | Reply | Source of information / certifications considered by Monitoring Agency for preparation of report | Comments of the Monitoring Agency | Comments the Board of Directors |
|--|------------------------------|---|--|--|
| Whether all Government/statutory approvals related to the object(s) have been obtained? | No such approval needed | Not applicable | Not applicable | No comments |
| Whether all arrangements pertaining to technical assistance/collaboration are in operation? | There is no such arrangement | Not applicable | Not applicable | No comments |
| Are there any favorable/unfavorable events affecting the viability of these object(s)? | No | Not applicable | None | No comments |
| Is there any other relevant information that may materially affect the decision making of the investors? | No | Not applicable | None | No comments |

* Chartered Accountant certificate from M/s. Pankaj R. Shah & Associates dated January 05, 2024

Where material deviation may be defined to mean:

- a) Deviation in the objects or purposes for which the funds have been raised
- b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.

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4) Details of objects to be monitored:

(i) Cost of objects –

| Sr. No | Item Head | Source of information / certifications considered by Monitoring Agency for preparation of report | Original cost (as per the Offer Document) in Rs. Crore | Revised Cost in Rs. Crore | Comments of the Monitoring Agency | Comments of the Board of Directors | | |
|--------------|---|--|--|---------------------------|--|--|---------------------------|---------------------------------------|
| | | | | | | Reason for cost revision | Proposed financing option | Particulars of firm arrangements made |
| 1 | Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company | Chartered Accountant certificate*, Bank statements, Offer Document | 270.00 | 270.00 | No change in cost; Fully utilized till March 31, 2023 # | There are no comments from board of directors. | | |
| 2. | Funding capital expenditure requirements towards purchase of machinery | Not Applicable | 77.95 | 77.95 | No change in cost; Partially utilized till December 31, 2023 ^ | There are no comments from board of directors. | | |
| 3 | Infrastructure repairs and renovation of our existing production facilities including office premises in India. | Not Applicable | 7.12 | 7.12 | No change in cost; Partially utilized till December 31, 2023 ^ | There are no comments from board of directors. | | |
| 4 | General Corporate Purpose | Not Applicable | 74.33 | 74.33 | No change in cost; Fully utilized till March 31, 2023 # | There are no comments from board of directors. | | |
| Total | | | 429.40 | 429.40 | | | | |

Chartered Accountant certificate from M/s. Pankaj R. Shah & Associates dated April 19, 2023

^ Chartered Accountant certificate from M/s. Pankaj R. Shah & Associates dated January 05, 2024



(ii) Progress in the objects –

| Sr. No | Item Head | Source of information/certifications considered by Monitoring Agency for preparation of report | Amount as proposed in the Offer Document in Rs. Crore | Amount utilised in Rs. Crore | | | Total Unutilised Amount (Rs. Crore) | Comments of the Monitoring Agency | Comments of the Board of Directors | |
|--------------|---|--|---|--|---|--|-------------------------------------|---|------------------------------------|---------------------------|
| | | | | As at beginning of the quarter (i.e., October 01, 2023) in Rs. Crore | During the Quarter (Q3FY 24) in Rs. Crore | At the end of the quarter (i.e., December 31, 2023) in Rs. Crore | | | Reasons for idle funds | Proposed course of action |
| 1 | Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company | Chartered Accountant certificate*, Bank statements, Offer Document | 270.00 | 270.00 | - | 270.00 | 0.00 | Fully Utilised # | No comments | |
| 2 | Funding capital expenditure requirements towards purchase of machinery | - | 77.95 | 32.11 | 4.51 | 36.62 | 41.33 | Unutilised amount of Rs.41.33 crore as on December 31, 2023 ^ | No comments | |
| 3 | Infrastructure repairs and renovation of our existing production facilities including office premises in India. | - | 7.12 | 5.15 | 0.32 | 5.47 | 1.65 | Unutilised amount of Rs.1.65 crore as on December 31, 2023 ^ | No comments | |
| 4 | General corporate purposes | - | 74.33 | 74.33 | - | 74.33 | 0.00 | Fully Utilised # | No comments | |
| Total | | | 429.40 | 381.59 | 4.83 | 386.42 | 42.98 | | | |

Chartered Accountant certificate from M/s. Pankaj R. Shah & Associates dated April 19, 2023

^ Chartered Accountant certificate from M/s. Pankaj R. Shah & Associates dated January 05, 2024

(iii) Deployment of unutilised IPO proceeds:

| Sr. No. | Type of instrument and name of the entity invested in | Amount invested (Rs. In Crore) | Maturity date | Earning | Return on Investment (%) | Market Value as at the end of quarter* |
|--------------|---|--------------------------------|-------------------|----------------|--------------------------|--|
| 1 | Fixed Deposit with RBL Bank Limited | 15.00 | February 19, 2024 | Not applicable | 7.45% | Not applicable |
| 2 | Fixed Deposit with State Bank of India | 10.00 | July 05, 2024 | Not applicable | 7.50% | Not applicable |
| 3 | Fixed Deposit with HDFC Bank Limited | 25.00 | April 22, 2024 | Not applicable | 7.75% | Not applicable |
| Total | | 50.00 | | | | |

* Where the market value is not feasible, provide NAV/NRV/Book Value of the same

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(iv) Delay in implementation of the object(s)

| Objects | Completion Date | | Delay (no. of days/ months) | Comments of the Board of Directors | |
|--|---------------------------|------------------------------------|---|--|--|
| | As per the offer document | Actual* | | Reason of delay | Proposed course of action |
| Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company | FY23 | Fully Utilised till March 31, 2023 | NA | There are no comments from board of directors. | |
| Funding capital expenditure requirements towards purchase of machinery | FY23 & FY24 | Under progress | Spill-over of capex from FY24 upto FY26. | The company has slowdown the capex considering the lower export demand particularly in Europe and China. | Borad of director in its meeting held on February 08, 2024, has extended the deployment period towards the object stated in prospectus upto fiscal 2026. |
| Infrastructure repairs and renovation of our existing production facilities including office premises in India | FY23 | FY23 & FY24 | As per the offer document, the company is expected to incur a cost of Rs.7.12 crore by end of FY23 towards repair and renovation of existing facilities and infrastructure. However, there are certain work still under progress which is likely to be completed by March 31, 2024. | There are no comments from board of directors. | |
| General corporate purposes | FY23 | Fully Utilised till March 31, 2023 | NA | There are no comments from board of directors. | |

*In case of continuing object(s), please specify latest/revised estimate of the completion date.

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

| Sr. No | Item Head | Amount in Rs. Crore | Source of information / certifications considered by Monitoring Agency for preparation of report | Comments of Monitoring Agency | Comments of the Board of Directors |
|--------|---|---------------------|--|-------------------------------|------------------------------------|
| 1 | Vendor Payment pertaining to Raw Material | 71.22 | Chartered Accountant certificate*, Bank statement | Verified with bank statements | No comments |
| 2 | Vendor Payment pertaining to Electricity | 3.11 | Chartered Accountant certificate*, Bank statement | Verified with bank statements | No comments |
| | Total | 74.33 | | | |

* Chartered Accountant certificate from M/s. Pankaj R. Shah & Associates dated January 16, 2023

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